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American University in Kosovo  
Rochester Institute of Technology

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# COMBATING COUNTERFEIT GOODS ENTERING KOSOVO

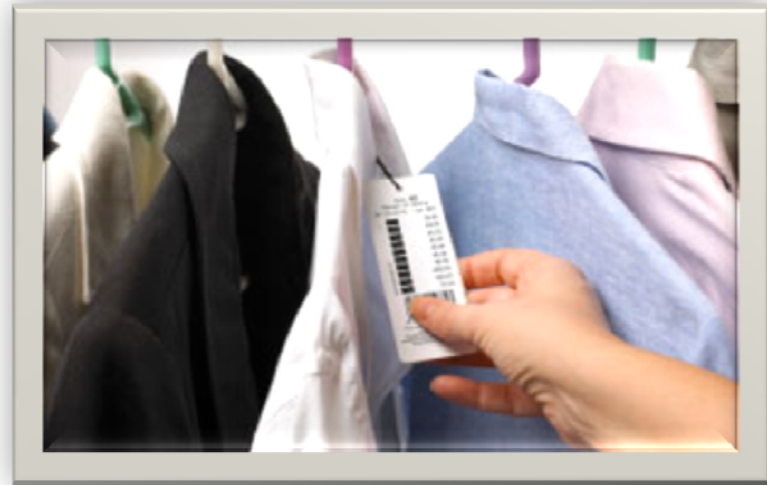
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Presented by: Zana Batusha  
Zana.Batusha@gmail.com

November 16, 2011

Prishtina

# Counterfeit goods



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# The impacts of counterfeit goods

- ✓ socio-economic effects (on innovation and growth, criminal activities, employment, foreign direct investments and trade);
  - ✓ effects on government (tax revenues, expenditures and corruption);
  - ✓ effects on right holders (on sales volume and prices, brand value and reputation, firm investments on research and development);
  - ✓ **effects on consumers (public health)**
-

# Counterfeit a global issue

WTO

- TRIPs Agreement

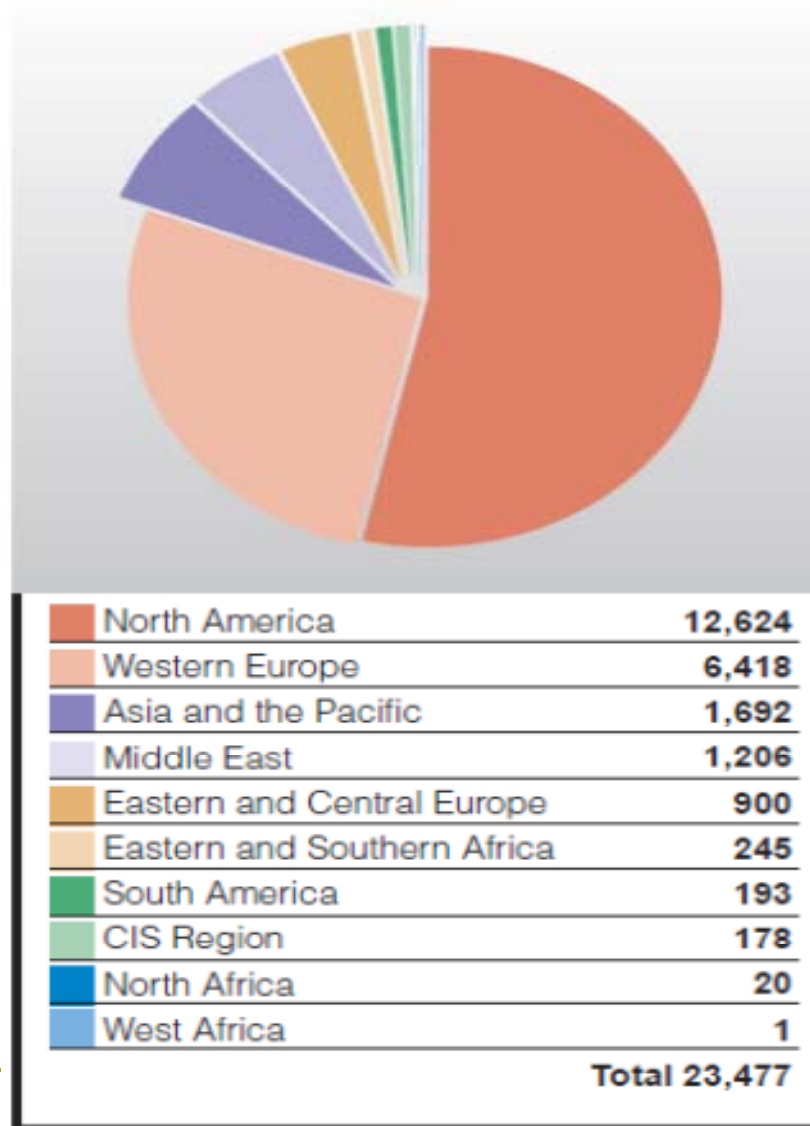
WCO

- Strategic Plans
- Detection tools, etc.

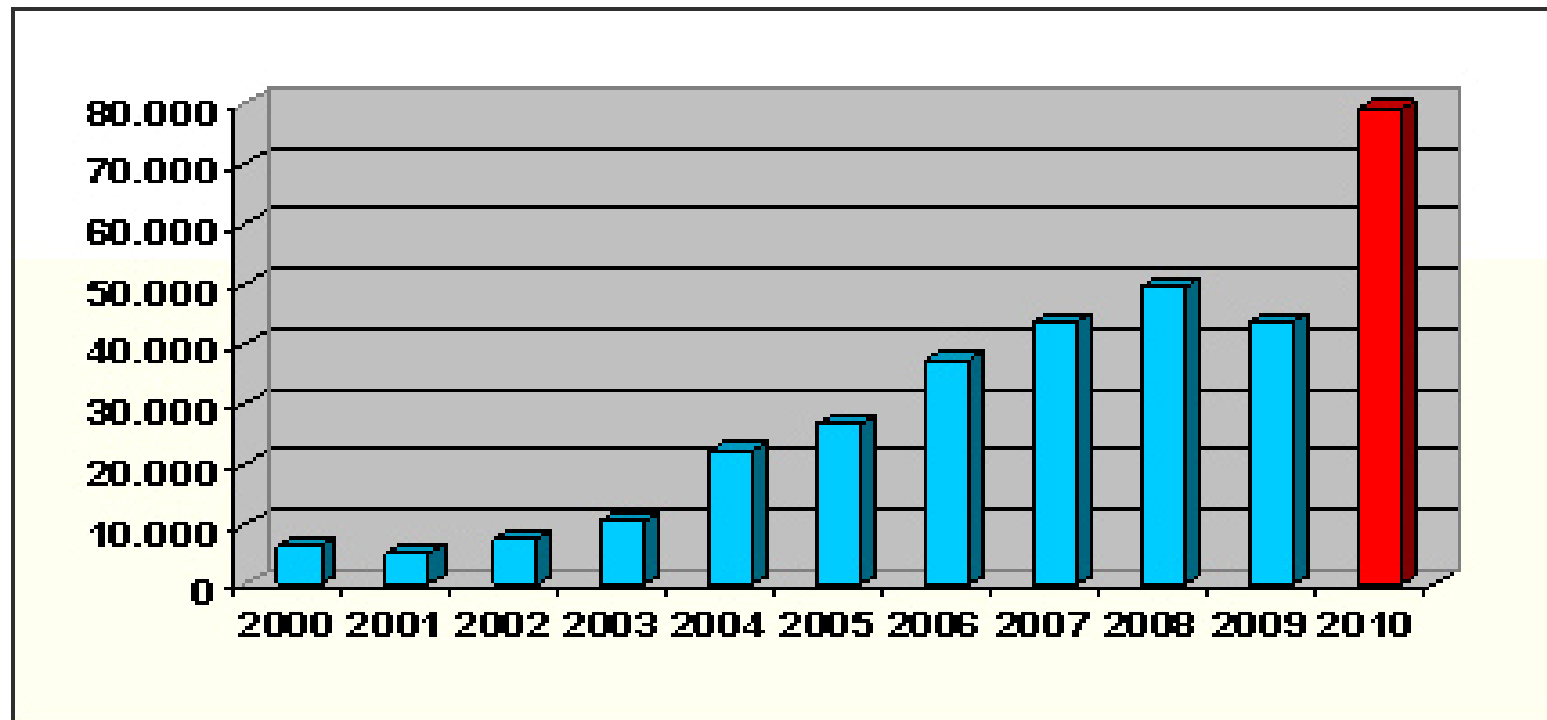
Individual  
countries

- National legislation in compliance with TRIPs

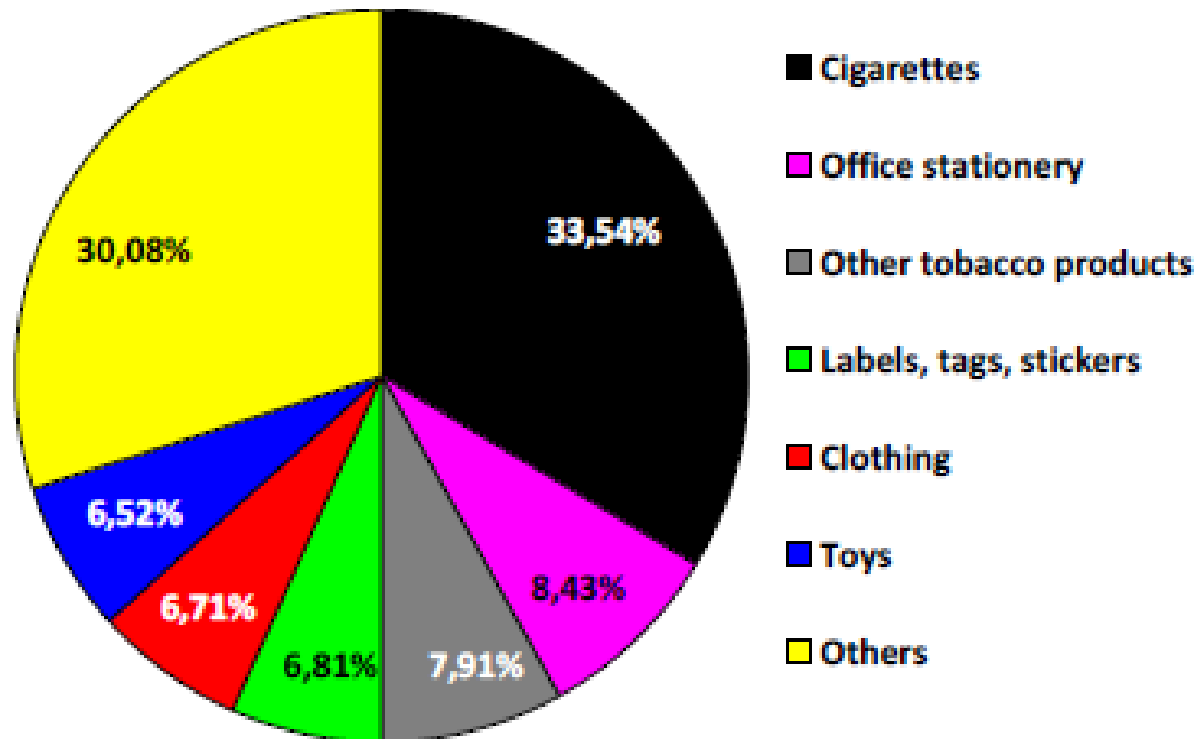
# Number of seizures worldwide



# Number of seizures in EU

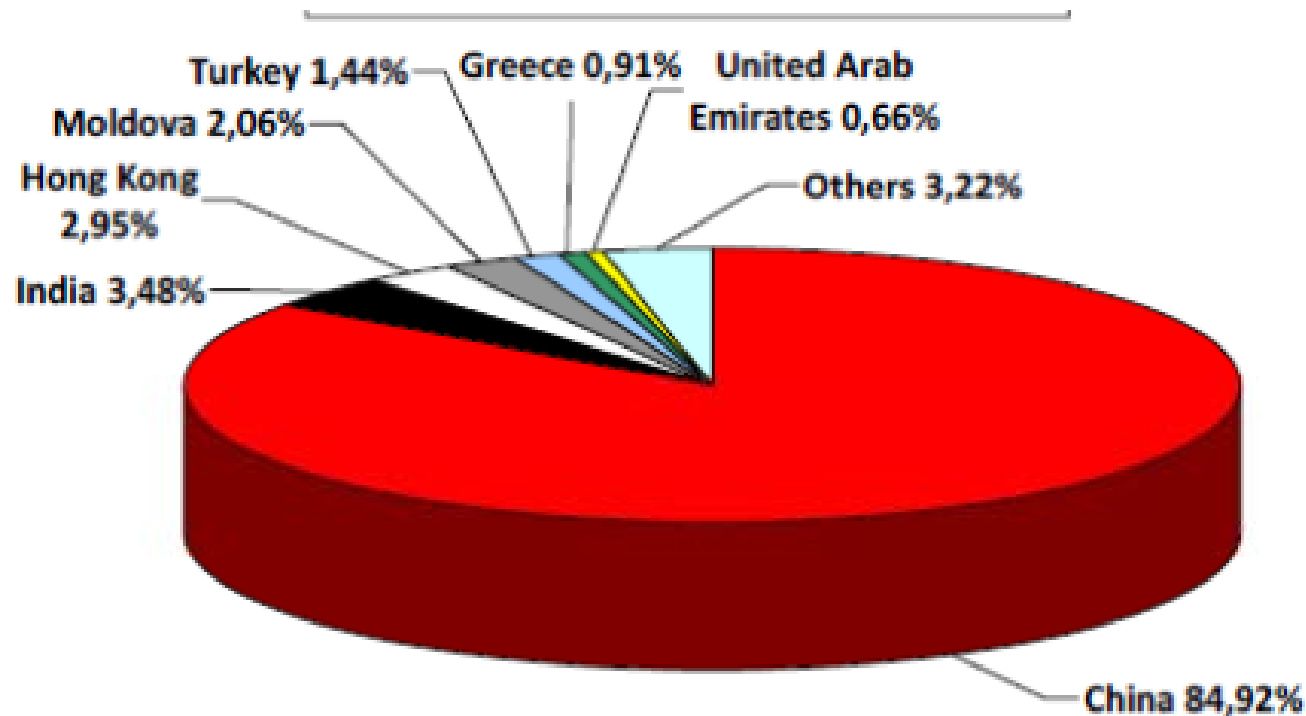


# The categories of seized counterfeit goods





# Countries of origin of counterfeit goods



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# Current situation in Kosovo

- Kosovo is not known as a counterfeit producer
  - “tax and spend policy”
  - **Trade** the most attractive sector in Kosovo
  - Imports 86% & Exports 14%  
imports almost everything that is daily consumable
-

# Top five importing countries in Kosovo

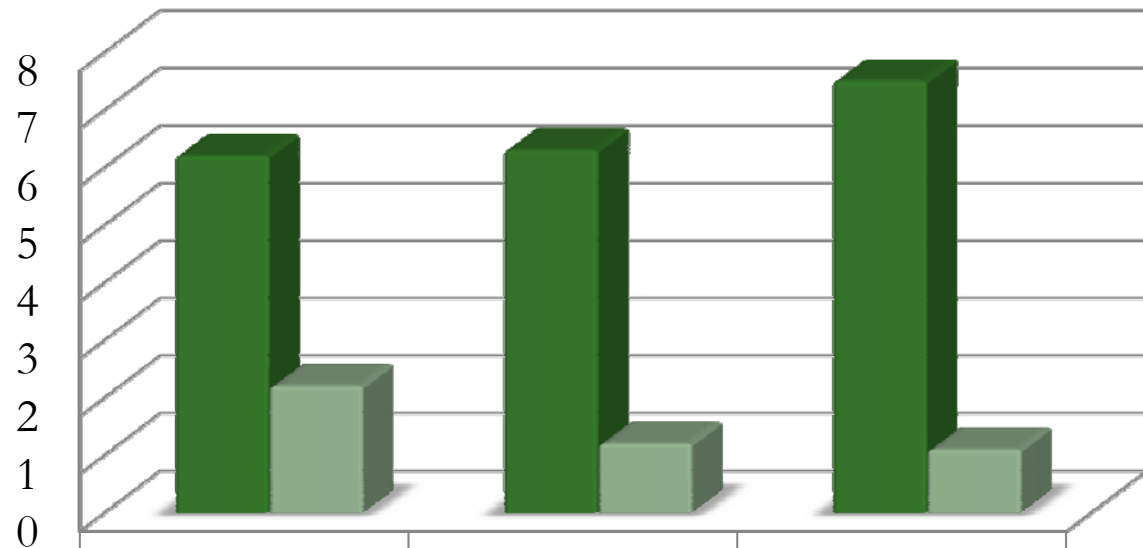
| Country       | 2007 (€ Million) | 2008 (€ Million) | 2009 (€ Million) | 2010 (€ Million) |
|---------------|------------------|------------------|------------------|------------------|
| Macedonia     | 235              | 342              | 288              | 305              |
| Germany       | 154              | 196              | 237              | 274              |
| Serbia        | 219              | 208              | 207              | 209              |
| <b>Turkey</b> | <b>100</b>       | <b>126</b>       | <b>137</b>       | <b>145</b>       |
| <b>China</b>  | <b>104</b>       | <b>120</b>       | <b>128</b>       | <b>134</b>       |

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# Kosovo Customs

- Kosovo Customs and Excise Code
  - Kosovo Customs objectives:
    - ❖ **Revenue collection**
    - ❖ The protection of economy and trade facilitation
    - ❖ The protection of society
  - Kosovo Customs a Law Enforcement Agency
    - ❖ Powers to investigate all illegal activities such as smuggling, trafficking of the prohibited goods etc.
- Well experienced teams, Bilateral Agreements, IT, detection tools...
-

# Some of Kosovo Customs' achievements towards its objectives



|  |      |      |      |
|--|------|------|------|
| Revenue collected (€ Million)          | 2008 | 2009 | 2010 |
|  | 6.2  | 6.3  | 7.5  |
| Seizures of smuggled goods (€ Million) | 2.2  | 1.2  | 1.1  |

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# KOSOVO CUSTOMS as the main agency in enforcing IPR

- The scope of the IPR enforcement derives from the Law on Customs measures
  - ✓ Customs acts in all *customs procedures* such as: import, export, transit; based on:
    - **submitted application for customs action; and**
    - **Ex officio**
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# EC Reports “Enforcement of IPR”

- **EC Progress Report 2009**

Specific areas of attention are the fight against smuggling and counterfeiting

- **EC Progress Report 2010**

Enforcement of IPR remains very weak. Significant efforts are needed on enforcement and public awareness-raising.

- **EC Progress Report 2011**

Some steps have been taken in enforcing IPR. The overall capacity remains insufficient and enforcement continues to be a challenge. Counterfeiting and piracy remain issues of serious concern in Kosovo.

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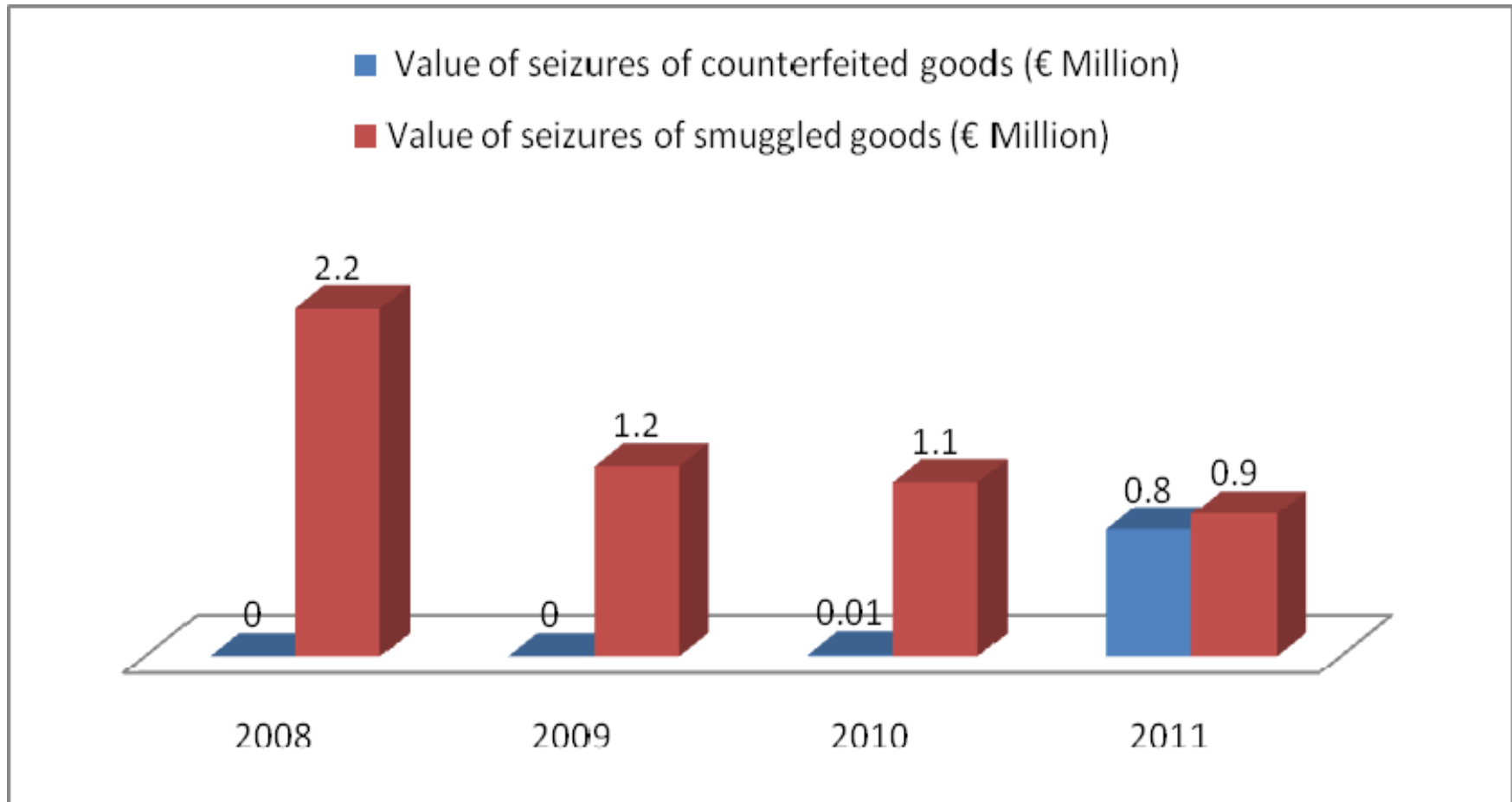
# Kosovo Customs Progress Achieved Towards IPR Enforcement — all in Import (Nov 2010-Nov 2011)

| <b>Value of import</b><br>(€ Million) | <b>Value of seizures of<br/>counterfeited goods (€ Million)</b> | <b>% of seizures of<br/>counterfeit</b> |
|---------------------------------------|---|---|
| <b>2.139</b>                          | <b>0.8</b>  | <b>0.037</b>                            |

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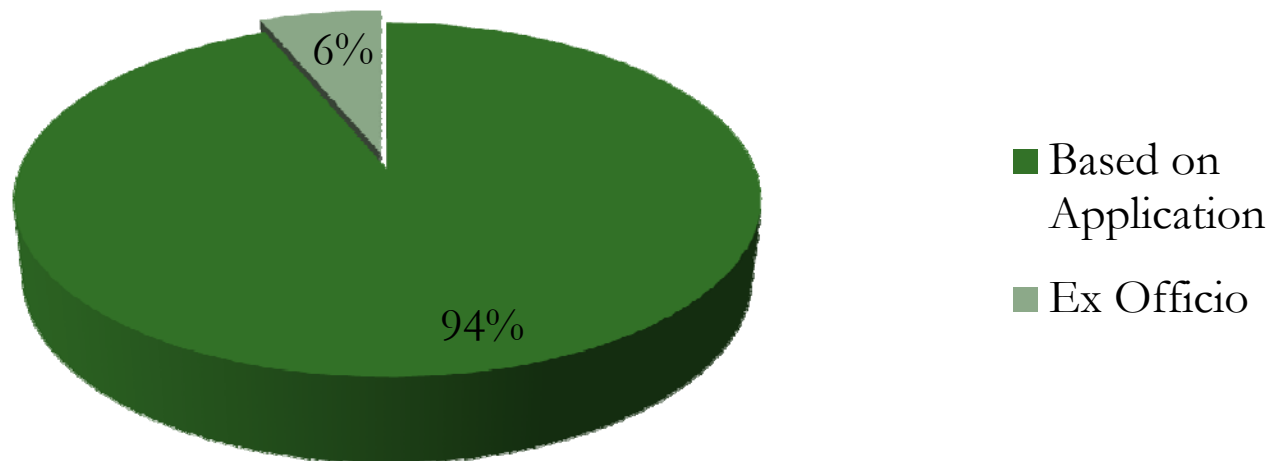


# Seizures over the past 4 years



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# Customs Actions based on Submitted Applications and Ex Officio



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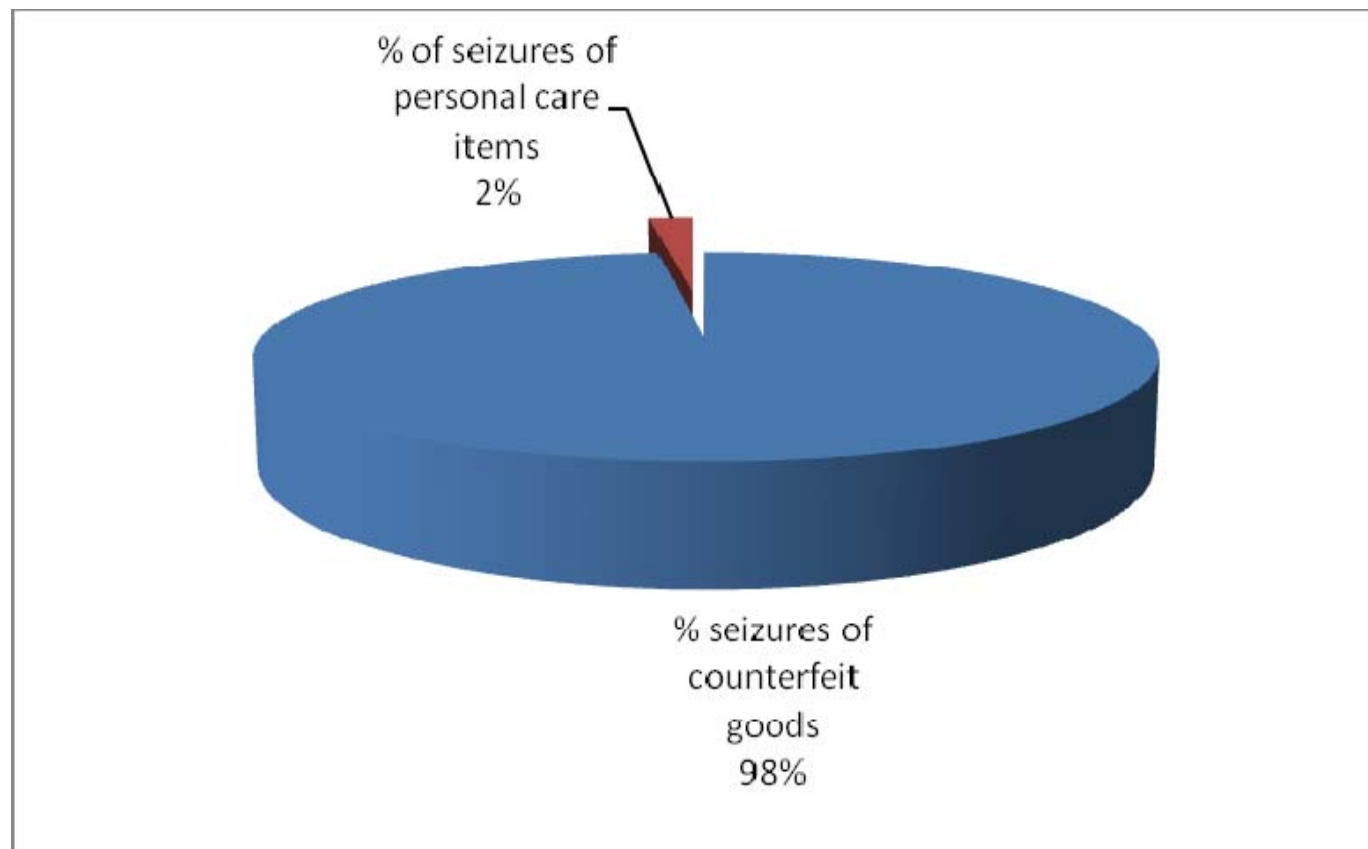
# Expansion of counterfeited goods

- **The effect on public health is of utmost importance**
- **Today almost every product is counterfeited**
- **Some of them causes harm to public health and difficult to be recognized**

Pharmaceuticals, Cigarettes, Alcoholic drinks,  
Personal care items

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# Seizures of counterfeit goods in total, and personal care items, by Kosovo Customs 2010-2011



# Pharmaceuticals, Cigarettes, Alcohol, Personal care items

- Over 30% of **counterfeit pharmaceuticals** in developing countries. More than 80 children died in Haiti following drinking of a cough-and-cold syrup containing glycerol contaminated with diethylene glycol;
- Over 10% of tobacco consumed worldwide each year is counterfeit. **Counterfeit cigarettes** were found to contain 160% more tar, 80% more nicotine and 300% more arsenic
- 25 people in Istanbul died after consuming **counterfeit raki** containing lethal levels of methyl alcohol.
- Thousands of **counterfeit toothpaste** found to contain Antifreeze.

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# Kosovo Customs challenges in combating counterfeit

- ✓ A new subject
  - ✓ Customs officials not well-developed
  - ✓ No Intelligence and Risk Analysis on IPR issue
  - ✓ Weak cooperation with national and international agencies
  - ✓ Lack of MoU on IPR issues
  - ✓ Restricted to global development, detection tools
  - ✓ Restricted to international exchange of information
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# Best practices of the Customs administrations in the Western Balkans

Albania, Macedonia, Montenegro, Serbia and BiH

- Risk Analysis
  - MoU with Businesses
  - International Cooperation on IPR
  - Membership & Access to WCO
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# Best practices of WCO

- **Intellectual Property Rights Strategic Group (WCO-Corporations)**
  - **CAP (Counterfeiting and Piracy Group)**  
**CEN (Customs Enforcement Network)**
  - **Action Plan and Guidelines**
  - **SECURE (Standards to be Employed by Customs for Uniform Rights Enforcement)**
  - WCO Risk Management Guidelines for more effective controls
  - IPR Diagnostic Survey
  - IPR e-learning module
  - Proposals aimed at strengthening co-operation with the private sector
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- Identify new working methods to suit the specific nature of anti-counterfeiting activities



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# Recommendations to improve the current situation



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# NATIONAL

- Increase the number of IPR customs officers and develop them
  - Establish Risk Assessment Module on IPR
  - Initiate a TASK Force; Customs-Ministry of Health-Ministry of Trade-Food and Veterinary Agency
  - Customs should increase actions by Ex Officio
  - Customs should focus in identifying the right holders of the products that may pose harm to citizens, encouraging them to submit their application for customs protection
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# REGIONAL

- Conclusion of MoU on IPR issues with regional customs administrations
  - IPR teams
  - Develop a Regional IPR Network  
Joint Risk Analysis
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# INTERNATIONAL

- MoU with other Customs Administrations on IPR issue
  - MoU with Right holders
  - Becoming a member of WCO
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